

ASX Listed miner Tigers Realm Coal Limited (ASX: TIG) posts its first annual profit of A\$10.880m

Melbourne: Australian-listed TIG today released its' FY18 results showing a 228% increase in sales and strong profit growth. The company announced its first annual net profit after tax of A\$10.880 million for the 2018 year, an improvement of A\$17.987 million on the previous corresponding period's loss of A\$7.107 million, together with the generation of an A\$8.0 million net cash surplus from operations off sales of A\$52.2 million.

The only ASX-listed Australian miner currently operating in Russia, TIG currently produces and exports to North east Asia both semi-soft coking and thermal coal from its mine in Chukotka in Russia's Far East.

Financial performance highlights (FY2018 compared to FY2017):

- Sales revenues increased by 228% to A\$52.2 million
- EBITDA improved by A\$20.9 million from A\$(5.6) million to A\$15.3 million
- Average gross margin of coal sold increased from A\$37.10 to A\$57.39 per tonne
- Cash generated from operations in 2018 improved by A\$15.0 million to A\$8.0 million
- FOB cost of coal sold decreased by 16% to A\$51.98 per tonne, primarily due to the economies associated with relatively fixed production costs and increased volumes

Operating highlights

- ROM coal production of 576kt increased by 131% year on year. Coal sales of 393kt were 138% higher than 2017.
- Coking coal sales increased in 2018 by 326% to 179kt, whilst thermal coal sales increased by 74% to 214kt.

Semi-soft coking coal was sold to major steel manufacturers in China, Korea and Japan. Thermal coal was primarily sold to industrial customers in Asia.

Confident 2019 outlook as TIG leverages benefits of scale

Commenting on today's results, Chief Executive Officer Dmitry Gavrilin noted 2018 was a year of growth, change and learnings for TIG.

"Today's annual results are satisfying given the challenges we faced throughout the year, ranging from higher than expected haulage fleet downtime to unexpectedly tough port loading conditions arising from some rough weather conditions," Mr Gavrilin said.

"Coal sales prices remained solid in 2018 and through the benefits of scale and improving our operations, we have been able to drive up our profitability per tonne sold compared to 2017."

"With the lessons learnt in 2017 and 2018 we are well placed to progress the project's development and look forward with confidence to 2019 and beyond."

Commenting on the results announcement, Chairman, Craig Wiggill, said: "It is a credit to my colleagues on the Board and our new senior executive team that, in a year of significant change in the management, we have achieved today's results. The company is well placed to push forward with the implementation of its strategic development plan and we look forward to presenting to our shareholders at the AGM both on the 2018 results and what lies ahead in 2019 and beyond".

Guidance

FY2019 guidance for coal production is in the range of 680-750kt and coal sales guidance of 650-720kt. Coal production in 2019 is expected to comprise 60% thermal coal and 40% coking coal.

Shareholder funding and support

During the latter stages of 2018 and Q1 2019 TIG investigated various funding alternatives, as a result of which TIG not only closed the RUB 900 million working capital facility in December 2018, but has also received offers to provide further funding of the investment programme for 2019. Discussions with respect to these funding options are ongoing.

In order to assure the timely financing of TIG's development in 2019, TIG's two largest beneficial shareholders, BV Mining Holding Limited, through its affiliate BV Mining Investment Limited, and Dr. Bruce Gray, have committed to provide \$2.5m each, for a total of US\$5.0 million, of unsecured, one-year financing. The Company is in the process of finalizing transaction documents which it anticipates closing during April 2019.

TIG considers these shareholders' bridge financing to represent a significant vote of confidence in both the operating results to date and the development strategy. In addition to ensuring the timely funding for capital expenses related to 2019, the shareholder financing will also enable investments expenditures in 2019 related to TIG's intermediate-term growth. TIG will further update the market when the shareholder loans are concluded.

Health and safety

There were no Lost Time Injuries during the final quarter of 2018. TIG's cumulative Total Reportable Injury Frequency Rate ("TRIFR") decreased accordingly to 3.7 per million hours worked from 4.3 in the September 2018 quarter.

Staff safety and well-being is an integral component of sustainable development and is actively promoted within the Company. Efforts continue to improve staff accommodation, shift scheduling and physical working conditions with a strong focus on the safe use of machinery and equipment.

Social responsibility and contribution

During 2018, TIG and its subsidiary BPU made concerted efforts to engage local communities over current and future plans for mining and related operations in the region. This engagement was based on inclusion, communication, participation and action. TIG's efforts have focused on supporting local communities in the areas of cultural heritage, sport, education, environment and well-being.

About Tigers Realm Coal

ASX listed Tigers Realm Coal's ("TIG's") vision is to become a significant supplier of high quality coking coal to the seaborne market through the development of its assets located in the vicinity of the Bering Sea coast in the Russian Far East, Chukotka Autonomous Okrug (District). The two TIG controlled Licences, Amaam and Amaam North, together comprise the "Amaam Coal Project".

Integral to the realisation of the Amaam North project is the TIG owned Beringovsky Port and Coal Terminal, located 35km to the north east of the Amaam North tenement.

TIG is planning to achieve this goal through gradually realising its resource potential and becoming a meaningful supplier of up to 5-10 Mtpa of coking coal to the seaborne market via the development of the Amaam Coal project in three stages:

Stage One has commenced and comprises the development of Project F to a 1.0 Mtpa semi-hard coking coal operation, realized through the Beringovsky Port, initially achieving up to 0.6 Mtpa utilising existing infrastructure and mining fleet (Phase One), followed by expansion to 1.0+ Mtpa through construction of a coal handling and processing plant ("CHPP"), in addition to infrastructure, port and mining fleet upgrades. The implementation of Phase One has been achieved through the ongoing support of our key stakeholders, including but not limited to our partners in the Chukotka Autonomous Okrug and our shareholder base, as evidenced through the successful completion of the 1 for 1, fully underwritten Non-Renounceable Rights Issuance in September 2016.

Stage Two is based on production increases from Project F and Amaam North; and **Stage Three** sees the development of Amaam to full capacity and the establishment of a transportation corridor to a year-round port at Arinay Lagoon Continued targeted exploration aimed at upgrading delineated coal resources and engineering studies, will lay the foundation for the next Stages of the Amaam development.

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